



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the County Commission  
and  
Officeholders of Linn County, Missouri

The State Auditor's Office through the State Office of Administration, Division of Purchasing, contracted the audit services of Linn County, Missouri, for the two years ended December 31, 2001. A copy of this audit, which was performed by Arthur White & Associates, L.L.C., Certified Public Accountants, is attached.

A handwritten signature in dark ink, reading "Claire C. McCaskill".

Claire C. McCaskill  
State Auditor

Report No. 2002-71  
August 30, 2002

**LINN COUNTY, MISSOURI  
DECEMBER 31, 2000 AND 2001**

LINN COUNTY, MISSOURI

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## FINANCIAL SECTION

## Independent Auditors' Reports

# ARTHUR WHITE & ASSOCIATES, L.L.C.

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## CERTIFIED PUBLIC ACCOUNTANTS

302 Main Street  
Tarkio, Missouri 64491  
Telephone (660) 736-5811  
Fax (660) 736-4364

Offices also located in:  
St. Joseph, Missouri  
Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

May 10, 2002

To the County Commission  
and  
Officeholders of Linn County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Linn County, Missouri, (County) as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Linn County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Linn County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Linn County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the County as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 10, 2002, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.



# ARTHUR WHITE & ASSOCIATES, L.L.C.

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### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

May 10, 2002

To the County Commission  
and  
Officeholders of Linn County, Missouri

We have audited the special-purpose financial statements of various funds of Linn County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 10, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Linn County, Missouri, are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 01-1, 01-3, and 01-4.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Linn County, Missouri, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation

of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special-purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Linn County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and is not intended to be and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.

## Financial Statements

Exhibit A-1

LINN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 466,282	\$ 1,211,258	\$ 1,187,397	\$ 490,143
Special Road and Bridge	259,198	2,060,274	1,577,154	742,318
Assessment	3,387	139,638	141,923	1,102
Law Enforcement Training	3,744	2,494	3,652	2,586
Prosecuting Attorney Training	6,073	402	1,206	5,269
911	18,421	126,519	114,244	30,696
Recorder's User Fees	12,632	7,755	5,107	15,280
Prosecuting Attorney Bad Checks	24,536	6,784	3,454	27,866
Domestic Violence	525	495	525	495
Juvenile Office Grant	(3,109)	19,860	18,290	(1,539)
CERF Retirement	-	44,807	44,807	-
Grant	-	9,221	9,196	25
DSF Grant	(5,418)	34,856	35,011	(5,573)
Election	2,432	2,621	-	5,053
CDBG Grant Linn Livingston	-	9,139	9,139	-
Associate Division Interest	2,413	-	2,333	80
Circuit Clerk Interest	2,981	3,728	602	6,107
Law Library	8,315	2,836	1,961	9,190
Health Center	539,063	546,823	536,796	549,090
Total	\$ 1,341,475	\$ 4,229,510	\$ 3,692,797	\$ 1,878,188

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit A-2

LINN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 365,783	\$ 1,213,869	\$ 1,113,370	\$ 466,282
Special Road and Bridge	429,818	1,937,228	2,107,848	259,198
Assessment	169	140,957	137,739	3,387
Law Enforcement Training	3,552	3,274	3,082	3,744
Prosecuting Attorney Training	6,104	736	767	6,073
911	10,454	119,941	111,974	18,421
Recorder's User Fees	15,194	6,152	8,714	12,632
Prosecuting Attorney Bad Checks	25,701	9,639	10,804	24,536
Domestic Violence	455	525	455	525
Juvenile Office Grant	(6,114)	23,263	20,258	(3,109)
CERF Retirement	-	40,447	40,447	-
Grant	-	660	660	-
DSF Grant	(5,201)	32,148	32,365	(5,418)
Election	-	2,432	-	2,432
CDBG Grant Linn Livingston	-	231,861	231,861	-
Associate Division Interest	2,511		98	2,413
Circuit Clerk Interest	2,392	1,006	417	2,981
Law Library	6,694	3,148	1,527	8,315
Health Center	548,400	555,075	564,412	539,063
Total	\$ 1,405,912	\$ 4,322,361	\$ 4,386,798	\$ 1,341,475

Exhibit B-1

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 3,958,933	\$ 4,229,510	\$ 270,577	\$ 4,613,814	\$ 4,322,361	\$ (291,453)
DISBURSEMENTS	4,437,988	3,692,797	745,191	5,301,171	4,386,798	914,373
RECEIPTS OVER (UNDER) DISBURSEMENTS	(479,055)	536,713	1,015,768	(687,357)	(64,437)	622,920
CASH, JANUARY 1	1,341,475	1,341,475	-	1,405,912	1,405,912	-
CASH, DECEMBER 31	<u>\$ 862,420</u>	<u>\$ 1,878,188</u>	<u>\$ 1,015,768</u>	<u>\$ 718,555</u>	<u>\$ 1,341,475</u>	<u>\$ 622,920</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-2

LINN COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 106,542	\$ 141,072	\$ 34,530	\$ 104,700	\$ 112,435	\$ 7,735
Sales taxes	580,000	558,272	(21,728)	500,000	633,115	133,115
Intergovernmental	174,843	271,625	96,782	254,787	173,816	(80,971)
Charges for services	171,050	134,538	(36,512)	169,650	182,458	12,808
Interest	29,000	26,213	(2,787)	21,000	31,821	10,821
Other	29,632	48,728	19,096	28,975	34,185	5,210
Transfers in	34,200	30,810	(3,390)	69,500	46,039	(23,461)
Total Receipts	1,125,267	1,211,258	85,991	1,148,612	1,213,869	65,257
DISBURSEMENTS						
County Commission	77,271	72,758	4,513	70,474	66,154	4,320
County Clerk	77,873	69,090	8,783	75,961	67,920	8,041
Elections	77,802	57,907	19,895	91,480	85,464	6,016
Buildings and grounds	175,795	111,034	64,761	119,925	78,909	41,016
Employee fringe benefits	114,000	94,057	19,943	112,500	83,985	28,515
County Treasurer	73,689	63,525	10,164	72,381	59,324	13,057
Recorder of Deeds	41,132	41,350	(218)	40,664	39,961	703
Circuit Clerk	23,100	15,300	7,800	20,850	14,246	6,604
Associate Circuit Court	15,400	14,023	1,377	14,950	12,234	2,716
Court Administration	19,907	19,803	104	14,636	14,858	(222)
Public Administrator	31,550	33,905	(2,355)	19,820	19,268	552
Sheriff	229,748	228,393	1,355	239,327	219,072	20,255
Jail	130,000	100,454	29,546	130,000	115,695	14,305
Prosecuting Attorney	73,119	63,545	9,574	72,426	64,058	8,368
Juvenile Officer	57,286	39,890	17,396	50,687	33,071	17,616
County Coroner	20,070	14,412	5,658	13,230	15,347	(2,117)
Other general government	129,885	113,513	16,372	126,385	70,756	55,629
Miscellaneous	47,143	30,358	16,785	55,000	45,000	10,000
Planning and zoning	5,000	-	5,000	5,000	-	5,000
Health and welfare	800	800	-	800	300	500
Transfers out	11,980	3,280	8,700	12,309	7,748	4,561
Emergency Fund	-	-	-	85,000	-	85,000
Other	100,000	-	100,000	-	-	-
Total Disbursements	1,532,550	1,187,397	345,153	1,443,805	1,113,370	330,435
RECEIPTS OVER (UNDER) DISBURSEMENTS	(407,283)	23,861	431,144	(295,193)	100,499	395,692
CASH, JANUARY 1	466,282	466,282	-	365,783	365,783	-
CASH, DECEMBER 31	\$ 58,999	\$ 490,143	\$ 431,144	\$ 70,590	\$ 466,282	\$ 395,692

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-3

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 45,000	\$ 49,805	\$ 4,805	\$ 43,000	\$ 48,344	\$ 5,344
Sales tax	520,000	559,038	39,038	500,000	539,997	39,997
Intergovernmental	1,231,540	1,415,558	184,018	1,921,794	1,295,361	(626,433)
Interest	25,000	32,954	7,954	25,000	38,891	13,891
Other	1,500	2,919	1,419	12,000	14,635	2,635
Total Receipts	1,823,040	2,060,274	237,234	2,501,794	1,937,228	(564,566)
DISBURSEMENTS						
Salaries	140,000	102,461	37,539	140,000	118,362	21,638
Employee fringe benefits	46,000	31,595	14,405	46,000	29,179	16,821
Supplies	4,800	2,676	2,124	5,100	3,341	1,759
Insurance	4,000	3,109	891	4,000	1,519	2,481
Road and bridge materials	243,000	222,477	20,523	215,000	221,897	(6,897)
Equipment purchases	65,000	6,321	58,679	65,000	10,185	54,815
Construction, repair, and maintenance	594,750	537,199	57,551	1,544,750	1,006,410	538,340
Other	771,447	640,506	130,941	790,813	670,916	119,897
Transfers out	33,000	30,810	2,190	65,000	46,039	18,961
Total Disbursements	1,901,997	1,577,154	324,843	2,875,663	2,107,848	767,815
RECEIPTS OVER (UNDER) DISBURSEMENTS	(78,957)	483,120	562,077	(373,869)	(170,620)	203,249
CASH, JANUARY 1	259,198	259,198	-	429,818	429,818	-
CASH, DECEMBER 31	\$ 180,241	\$ 742,318	\$ 562,077	\$ 55,949	\$ 259,198	\$ 203,249

The accompanying Notes to the Financial Statements are an integral part of these statements.



Exhibit B-4

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

Year Ended December 31,						
2001			2000			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
<b>RECEIPTS</b>						
Intergovernmental	\$ 147,512	\$ 137,482	\$ (10,030)	\$ 140,291	\$ 133,172	\$ (7,119)
Interest	1,500	2,083	583	600	2,332	1,732
Other	250	73	(177)	100	953	853
Transfers in	8,700	-	(8,700)	9,061	4,500	(4,561)
Total Receipts	157,962	139,638	(18,324)	150,052	140,957	(9,095)
<b>DISBURSEMENTS</b>						
Assessor	148,551	141,923	6,628	139,505	137,739	1,766
Total Disbursements	148,551	141,923	6,628	139,505	137,739	1,766
RECEIPTS OVER (UNDER) DISBURSEMENTS	9,411	(2,285)	(11,696)	10,547	3,218	(7,329)
CASH, JANUARY 1	3,387	3,387	-	169	169	-
CASH, DECEMBER 31	\$ 12,798	\$ 1,102	\$ (11,696)	\$ 10,716	\$ 3,387	\$ (7,329)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-5

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,200	\$ 2,494	\$ (706)	\$ 3,000	\$ 3,274	\$ 274
Total Receipts	3,200	2,494	(706)	3,000	3,274	274
DISBURSEMENTS						
Training	4,500	3,652	848	4,500	3,082	1,418
Total Disbursements	4,500	3,652	848	4,500	3,082	1,418
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,300)	(1,158)	142	(1,500)	192	1,692
CASH, JANUARY 1	3,744	3,744	-	3,552	3,552	-
CASH, DECEMBER 31	\$ 2,444	\$ 2,586	\$ 142	\$ 2,052	\$ 3,744	\$ 1,692

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-6

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 700	\$ 402	\$ (298)	\$ 500	\$ 736	\$ 236
Total Receipts	700	402	(298)	500	736	236
DISBURSEMENTS						
Mileage/training	1,000	1,206	(206)	1,000	767	233
MO Prosecuting Services Fund	3,000	-	3,000	3,000	-	3,000
Total Disbursements	4,000	1,206	2,794	4,000	767	3,233
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,300)	(804)	2,496	(3,500)	(31)	3,469
CASH, JANUARY 1	6,073	6,073	-	6,104	6,104	-
CASH, DECEMBER 31	\$ 2,773	\$ 5,269	\$ 2,496	\$ 2,604	\$ 6,073	\$ 3,469

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-7

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
911 FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ 119,000	\$ 125,289	\$ 6,289	\$ 117,731	\$ 119,064	\$ 1,333
Interest	500	1,230	730	100	877	777
Total Receipts	119,500	126,519	7,019	117,831	119,941	2,110
DISBURSEMENTS						
Personal services	44,670	44,670	-	42,543	42,543	-
Contractual services	72,974	69,574	3,400	71,784	69,431	2,353
Commodities	134	-	134	133	-	133
Training and education	3,400	-	3,400	1,000	-	1,000
Total Disbursements	121,178	114,244	6,934	115,460	111,974	3,486
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,678)	12,275	13,953	2,371	7,967	5,596
CASH, JANUARY 1	18,421	18,421	-	10,454	10,454	-
CASH, DECEMBER 31	\$ 16,743	\$ 30,696	\$ 13,953	\$ 12,825	\$ 18,421	\$ 5,596

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-8

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S USER FEES FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 6,000	\$ 7,132	\$ 1,132	\$ 6,000	\$ 5,408	\$ (592)
Interest	400	623	223	400	744	344
Total Receipts	6,400	7,755	1,355	6,400	6,152	(248)
DISBURSEMENTS						
Equipment	10,000	5,107	4,893	10,000	8,714	1,286
Total Disbursements	10,000	5,107	4,893	10,000	8,714	1,286
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,600)	2,648	6,248	(3,600)	(2,562)	1,038
CASH, JANUARY 1	12,632	12,632	-	15,194	15,194	-
CASH, DECEMBER 31	\$ 9,032	\$ 15,280	\$ 6,248	\$ 11,594	\$ 12,632	\$ 1,038

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-9

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY BAD CHECK FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 7,500	\$ 5,539	\$ (1,961)	\$ 8,500	\$ 8,151	\$ (349)
Interest	1,000	1,245	245	850	1,488	638
Total Receipts	8,500	6,784	(1,716)	9,350	9,639	289
DISBURSEMENTS						
Mileage/training	7,550	3,454	4,096	8,350	10,804	(2,454)
Total Disbursements	7,550	3,454	4,096	8,350	10,804	(2,454)
RECEIPTS OVER (UNDER) DISBURSEMENTS	950	3,330	2,380	1,000	(1,165)	(2,165)
CASH, JANUARY 1	24,536	24,536	-	25,701	25,701	-
CASH, DECEMBER 31	\$ 25,486	\$ 27,866	\$ 2,380	\$ 26,701	\$ 24,536	\$ (2,165)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-10

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 500	\$ 495	\$ (5)	\$ 425	\$ 525	\$ 100
Total Receipts	500	495	(5)	425	525	100
DISBURSEMENTS						
Shelter for victims	525	525	-	500	455	45
Total Disbursements	525	525	-	500	455	45
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25)	(30)	(5)	(75)	70	145
CASH, JANUARY 1	525	525	-	455	455	-
CASH, DECEMBER 31	\$ 500	\$ 495	\$ (5)	\$ 380	\$ 525	\$ 145

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-11

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
JUVENILE OFFICE GRANT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 25,194	\$ 19,860	\$ (5,334)	\$ 28,199	\$ 23,263	\$ (4,936)
Total Receipts	25,194	19,860	(5,334)	28,199	23,263	(4,936)
DISBURSEMENTS						
Juvenile office grant	22,085	18,290	3,795	22,085	20,258	1,827
Total Disbursements	22,085	18,290	3,795	22,085	20,258	1,827
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,109	1,570	(1,539)	6,114	3,005	(3,109)
CASH, JANUARY 1	(3,109)	(3,109)	-	(6,114)	(6,114)	-
CASH, DECEMBER 31	\$ -	\$ (1,539)	\$ (1,539)	\$ -	\$ (3,109)	\$ (3,109)

The accompanying Notes to the Financial Statements are an integral part of these statements.



Exhibit B-12

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CERF RETIREMENT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 55,000	\$ 44,807	\$ (10,193)	\$ 50,000	\$ 40,447	\$ (9,553)
Total Receipts	55,000	44,807	(10,193)	50,000	40,447	(9,553)
DISBURSEMENTS						
CERF retirement fees	55,000	44,807	10,193	50,000	40,447	9,553
Total Disbursements	55,000	44,807	10,193	50,000	40,447	9,553
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-13

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
GRANT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 29,000	\$ 9,221	\$ (19,779)	\$ 19,000	\$ 660	\$ (18,340)
Total Receipts	29,000	9,221	(19,779)	19,000	660	(18,340)
DISBURSEMENTS						
Miscellaneous grants	29,000	9,196	19,804	19,000	660	18,340
Total Disbursements	29,000	9,196	19,804	19,000	660	18,340
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	25	25	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ 25	\$ 25	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-14

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
TAX SALE SURPLUS FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Other	\$ -	\$ -	\$ -	\$ 190	\$ -	\$ (190)
Total Receipts	-	-	-	190	-	(190)
DISBURSEMENTS						
Tax sale surplus	-	-	-	190	-	190
Total Disbursements	-	-	-	190	-	190
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-15

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DSF GRANT FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 38,531	\$ 34,856	\$ (3,675)	\$ 38,461	\$ 32,148	\$ (6,313)
Total Receipts	38,531	34,856	(3,675)	38,461	32,148	(6,313)
DISBURSEMENTS						
DSF grant	33,113	35,011	(1,898)	33,113	32,365	748
Total Disbursements	33,113	35,011	(1,898)	33,113	32,365	748
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,418	(155)	(5,573)	5,348	(217)	(5,565)
CASH, JANUARY 1	(5,418)	(5,418)	-	(5,201)	(5,201)	-
CASH, DECEMBER 31	\$ -	\$ (5,573)	\$ (5,573)	\$ 147	\$ (5,418)	\$ (5,565)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-16

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ELECTION FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 1,000	\$ 2,621	\$ 1,621	\$ -	\$ 2,432	\$ 2,432
Total Receipts	1,000	2,621	1,621	-	2,432	2,432
DISBURSEMENTS						
Election	2,400	-	2,400	-	-	-
Total Disbursements	2,400	-	2,400	-	-	-
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,400)	2,621	4,021	-	2,432	2,432
CASH, JANUARY 1	2,432	2,432	-	-	-	-
CASH, DECEMBER 31	\$ 1,032	\$ 5,053	\$ 4,021	\$ -	\$ 2,432	\$ 2,432

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-17

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CDBG GRANT LINN LIVINGSTON

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 9,139	\$ 9,139	\$ -	\$ -	\$231,861	\$ 231,861
Total Receipts	9,139	9,139	-	-	231,861	231,861
DISBURSEMENTS						
CDBG	9,139	9,139	-	-	231,861	(231,861)
Total Disbursements	9,139	9,139	-	-	231,861	(231,861)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	-	-	-	-	-
CASH, JANUARY 1	-	-	-	-	-	-
CASH, DECEMBER 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-18

LINN COUNTY, MISSOURI

COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSOCIATE DIVISION INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	-	-	-	-
DISBURSEMENTS						
Transfer out	-	2,333	(2,333)	-	98	(98)
Total Disbursements	-	2,333	(2,333)	-	98	(98)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	(2,333)	(2,333)	-	(98)	(98)
CASH, JANUARY 1	2,413	2,413	-	2,511	2,511	-
CASH, DECEMBER 31	\$ 2,413	\$ 80	\$ (2,333)	\$ 2,511	\$ 2,413	\$ (98)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Exhibit B-19

LINN COUNTY, MISSOURI  
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CIRCUIT CLERK INTEREST FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ -	\$ 1,395	\$ 1,395	\$ -	\$ 1,006	\$ 1,006
Transfer in	-	2,333	2,333	-	-	-
Total Receipts	-	3,728	3,728	-	1,006	1,006
DISBURSEMENTS						
Interest fund	400	602	(202)	-	417	(417)
Total Disbursements	400	602	(202)	-	417	(417)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	3,126	3,526	-	589	589
CASH, JANUARY 1	2,981	2,981	-	2,392	2,392	-
CASH, DECEMBER 31	\$ 2,581	\$ 6,107	\$ 3,526	\$ 2,392	\$ 2,981	\$ 589

The accompanying Notes to the Financial Statements are an integral part of these statements.



LINN COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW LIBRARY FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for service	\$ -	\$ 2,700	\$ 2,700	\$ -	\$ 2,997	\$ 2,997
Interest	-	136	136	-	151	151
Total Receipts	-	2,836	2,836	-	3,148	3,148
DISBURSEMENTS						
Law Library	-	1,961	(1,961)	-	1,527	(1,527)
Total Disbursements	-	1,961	(1,961)	-	1,527	(1,527)
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	875	875	-	1,621	1,621
CASH, JANUARY 1	8,315	8,315	-	6,694	6,694	-
CASH, DECEMBER 31	\$ 8,315	\$ 9,190	\$ 875	\$ 6,694	\$ 8,315	\$ 1,621

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Exhibit B-21

LINN COUNTY, MISSOURI  
 COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 HEALTH CENTER FUND

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 226,000	\$ 227,867	\$ 1,867	\$ 185,000	\$ 202,742	\$ 17,742
Intergovernmental	191,000	201,606	10,606	182,000	192,658	10,658
Charges for services	96,000	87,069	(8,931)	137,000	117,059	(19,941)
Interest	40,000	28,446	(11,554)	31,000	39,421	8,421
Other	3,000	1,835	(1,165)	5,000	3,195	(1,805)
Total Receipts	556,000	546,823	(9,177)	540,000	555,075	15,075
DISBURSEMENTS						
Salaries	457,600	458,742	(1,142)	475,000	456,067	18,933
Office expenditures	32,400	29,826	2,574	32,000	31,669	331
Equipment	31,800	34,947	(3,147)	33,000	37,904	(4,904)
Mileage and training	14,200	12,071	2,129	15,000	12,867	2,133
Capital expenditures	20,000	1,210	18,790	20,000	25,905	(5,905)
Total Disbursements	556,000	536,796	19,204	575,000	564,412	10,588
RECEIPTS OVER (UNDER) DISBURSEMENTS	-	10,027	10,027	(35,000)	(9,337)	25,663
CASH, JANUARY 1	539,063	539,063	-	548,400	548,400	-
CASH, DECEMBER 31	\$ 539,063	\$ 549,090	\$ 10,027	\$ 513,400	\$ 539,063	\$ 25,663

The accompanying Notes to the Financial Statements are an integral part of these statements.

## Notes to the Financial Statements

LINN COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Linn County, Missouri, (County) and comparisons of such information with the corresponding budgeted information for various funds of the County. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the County's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the County did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Election Fund	2000
CDBG Grant Fund	2000
Associate Division Interest Fund	2001 and 2000
Circuit Clerk Interest Fund	2000
Law Library Fund	2001 and 2000

LINN COUNTY, MISSOURI

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

C. Budgets and Budgetary Practices (Continued)

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Prosecuting Attorney Bad Check Fund	2000
DSF Grant Fund	2001
Circuit Clerk Interest Fund	2001

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the County. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the County's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Health Center Fund	2001 and 2000
Law Library Fund	2001 and 2000
Associate Division Interest Fund	2001 and 2000

## LINN COUNTY, MISSOURI

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### 2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The County has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of deposits and investments. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

#### Deposits

The County's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the County's custodial bank in the County's name.

Of the Health Center Board's bank balance at December 31, 2001, \$100,000 was covered by federal depositary insurance and \$460,843 was covered by collateral pledged by one bank and held in the Health Center's name by the safekeeping department of an affiliate of the same bank holding company.

The Health Center Board's deposits at December 31, 2000, were entirely covered by federal depositary insurance or by collateral securities held by the Health Center's custodial bank in the Health Center's name.

## Supplementary Schedule

## Schedule

LINN COUNTY, MISSOURI  
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Social Services -				
10.550	Food Distribution	N/A	\$ 40,950	\$ 32,706
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.228	Community Development Block Grants/State's Program	97 - PF - 840	9,139	231,861
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	N/A	12,594	7,557
Passed through:				
State Department of Public Safety -				
16.592	Local Law Enforcement Block Grants Program	2000-LBG-046	8,070	
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A		2,358
Total pass-through programs			8,070	2,358
Total U.S. Department of Justice			20,664	9,915
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO-058(27)	366,703	862,202
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	7,507	
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	FEMA1253-DR-MO		22,516

(continued)



## Schedule

LINN COUNTY, MISSOURI  
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS, Continued

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
	Passed through state:			
	Department of Health -			
93.268	Immunization Grants	PGA064-2158A	35,215	35,139
	Department of Social Services -			
93.563	Child Support Enforcement	N/A	28,379	23,428
	Department of Health -			
93.575	Child Care and Development Block Grant	PGA067-0158C PGA067-0158S	2,620	2,259
	Department of Social Services -			
93.658	Division of Family Services 50/50	A0C00380078	18,952	19,427
	Department of Health -			
93.945	Diabetes Control Program	N/A	5,000	
93.991	Preventive Health and Health Services Block Grant	N/A		19,619
				418
				<u>20,037</u>
93.991	Chronic Disease Health Education Initiative Tobacco Match	A0C00380174	21,039	
93.994	Maternal and Child Health Services Block Grant to the States	ER5146-1158M	16,512	16,285
			3,962	2,092
			<u>20,474</u>	<u>18,377</u>
93.994	Dental Sealant Program	DH020027040	833	560
	Total pass-through programs		<u>132,512</u>	<u>119,227</u>
	Total U.S. Department of Health and Human Services		<u>132,512</u>	<u>119,227</u>
	Total Expenditures of Federal Awards		<u>\$ 577,475</u>	<u>1,278,427</u>

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

## Notes to the Supplementary Schedule

LINN COUNTY, MISSOURI

NOTES TO THE SUPPLEMENTARY SCHEDULE  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Linn County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

## LINN COUNTY, MISSOURI

### NOTES TO THE SUPPLEMENTARY SCHEDULE (CONTINUED) AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

#### C. Basis of Accounting (Continued)

Of the amounts for Immunization Grants (CFDA number 93.268), \$35,215 and \$35,139 represent the original acquisition cost of vaccines purchased by the Centers for Disease Control of the U.S. Department of Health and Human Services but distributed to the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$-0- and \$418 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$3,962 and \$2,092 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 2001 and 2000. The remaining amounts for the Preventive Health and Health Services Block Grant and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

#### 2. Subrecipients

The County provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## Independent Auditors' Report

# ARTHUR WHITE & ASSOCIATES, L.L.C.

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## CERTIFIED PUBLIC ACCOUNTANTS

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Rock Port, Missouri

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

May 10, 2002

To the County Commission  
and  
Officeholders of Linn County, Missouri

#### Compliance

We have audited the compliance of Linn County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The County's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Linn County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-5.

## Internal Control Over Compliance

The management of Linn County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-5.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Linn County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials and should not be used by anyone other than these specified parties.

Original Signed by Auditor

ARTHUR WHITE & ASSOCIATES, L.L.C.



Schedule

LINN COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes      X   no

Reportable conditions identified that are  
not considered to be material weaknesses?   X   yes    \_\_\_\_\_ none reported

Noncompliance material to the financial statements  
noted?   X   yes    \_\_\_\_\_ no

Federal Awards

Internal control over major program(s):

Material weakness identified? \_\_\_\_\_ yes      X   no

Reportable condition identified that is  
not considered to be a material weakness?   X   yes    \_\_\_\_\_ none reported

Type of auditors' report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   X   yes    \_\_\_\_\_ no

Identification of major program:

CFDA or Other Identifying	
<u>Number</u>	<u>Program Title</u>
20.205	Highway planning and construction

LINN COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

Dollar threshold used to distinguish between Type A  
and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

\_\_\_\_\_ yes        X   no

**Section II - Financial Statement Findings**

This section includes the audit finding(s) that *Government Auditing Standards* requires to be reported for an audit of financial statements.

01-1    Condition: As noted in note 1C in the notes to the financial statements, the County did not adopt budgets for some funds.

Criteria: The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various County funds in accordance with Section 50.525 through 50.745, RSMo 2000, the County budget law.

Effect: The County is not in compliance with the County budget law.

Recommendation: We recommend the County adopt a budget for all funds.

Auditee's response: We will continue to work with applicable boards and officials to adopt budgets for all County funds.

01-2    Condition: The payroll records are not reconciled. Items on the 941's were not reconciled to the W-2's and W-3.

Criteria: Good internal control procedures would require that payroll reports be reconciled to payroll records in a timely manner so that errors can be detected and corrected.

Effect: Failure to reconcile payroll records could result in errors or intentional misstatement not being detected in a timely manner.

Recommendation: We recommend complete payroll records be maintained and reconciled.

Auditee's response: Future 941's will be reconciled to the W-2's and W-3.

LINN COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

01-3 Condition: As noted in note 1C in the notes to the financial statements, warrants were issued in excess of approved budgets in some funds.

Criteria: Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

Effect: The County is not in compliance with Section 50.740 RSMo 2000.

Recommendation: We recommend that warrants not be issued in excess of budgeted funds.

Auditee's response: We will monitor future expenditures in an attempt to ensure that warrants do not exceed budgeted amounts in any fund.

01-4 Condition: As noted in note 1D in the notes to the financial statements, the County's published financial statements did not include all County funds.

Criteria: Sections 50.800 and 50.810, RSMo 2000, require publishing in a local newspaper a detailed annual financial statement for the County.

Effect: The County is not in compliance with Sections 50.800 and 50.810, RSMo, 2000.

Recommendation: We recommend that the County include all County funds in the published annual financial statements.

Auditee's response: We will attempt to include all County funds in future published annual financial statements.

LINN COUNTY, MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section III - Federal Award Findings and Questioned Costs**

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

01-5	Federal Grantor:	U.S. Department of Transportation
	Pass-Through Grantor:	State Highway and Transportation Commission
	Federal CFDA Number:	20.205
	Program Title:	Highway Planning and Construction
	Pass-Through Entity	
	Identifying Number:	BRO-058(27)
	Award Years:	2001 and 2000
	Questioned Costs:	Not Applicable

Condition: The schedule of Federal Financial Assistance does not accurately report federal expenditures for the Health Center.

Criteria: The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* (OMB Common Rule), Subpart C Section 20, (b)(2) states that grantees and subgrantees must maintain records that adequately identify the source and application of funds provided for financially-assisted activities.

Effect: Without proper controls for accurately identifying federal revenue and expenditures, the County's federal awards could potentially be reduced.

Recommendation: We recommend the County adopt procedures in which federal awards may be correctly identified.

Auditee's response: We will continue to attempt to accurately report federal expenditures.

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

LINN COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Linn County, Missouri, (County) on the applicable finding in the prior audit report issued for the two years ended December 31, 1999.

**Finding 99-1**

The County did not have adequate procedures to ensure budgets are prepared for all County funds.

Recommendation: The County Commission and other applicable officials implement procedures to ensure budgets are prepared for all County funds as required by state law.

Status: Not implemented. See Note 1C to the financial statements. See finding 01-1.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133



## LINN COUNTY, MISSOURI

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the County's management.

#### **Finding 99-2**

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	Department of Economic Development
Federal CFDA Number:	14.228
Program Title:	Community Development Block Grants/State's Program
Pass-Through Entity	
Identifying Numbers:	96-PF-22 and 97-PF-840
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Numbers:	BRO-058-27
Award Years:	1999 and 1998
Questioned Costs:	Not Applicable

The County did not have a procedure in place to track federal financial assistance for the preparation of the SEFA. The County's Schedule of Federal Awards contained numerous errors and omissions.

LINN COUNTY, MISSOURI

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Recommendation: The County Clerk prepare a complete and accurate schedule of expenditures of federal awards. In addition, the Health Center should provide complete federal grant information to the County Clerk.

Status: Not implemented. The Schedules of Federal Awards prepared by the County for the years ended December 31, 2001 and 2000, contained numerous errors by including funds which were not federal assistance and omitting funds which were federal assistance. See finding 01-5.